BIBLIOGRAPHY

A. Prospective Reimbursement Experiment Protocol, Revised August 1976.

B. Rhode Island Prospective Rating Experiment, Contractual Agreement Among Parties.

C. Leco, Armand P. "Prospective Rate Setting in Rhode Island," Topics in Health Care Financing, Vol. 3, No. 2, Winter 1976, pp. 39-40.

CONTRACTUAL AGREEMENT AMONG PARTIES

October 1, 1974 through September 30, 1977

OFFICIAL

MEDICALLY RELATED PROGRAMS

Committee on the Medically-Related Program Review Process has endorsed the following HPC process for the Spring review of Hospital program proposals to be included in the budgets.

BUDGETING OF HOSPITAL PROGRAMS

1. Non-medically related programs will be the subject of direct negotiation between Hospitals and Blue Cross without involvement of the Health Planning Council.

2. By February 18, Hospitals will inform HPC of the number and kinds of proposed new or expanded medically-related programs applicable under numbers 4 and 5 below which they plan to propose for the Spring program reviews

3. By March 3, Hospitals will forward written descriptions of all proposed new o expanded medically-related multi-hospital programs to HPC.

4. By March 3, Hospitals will forward descriptions of proposed new or expanded medically-related programs developed as individual hospital proposals having annualized costs based on the following guidelines to HPC. (Annualized costs to include salaries, wages, supplies, expense, depreciation, and intere

4.

	Hospital Budget	Annualized Program Cost
Group I	$ 15 million and above	$ 100,000
Group II	$ 10 - 15 million	$ 75,000
Group III	$ 5 - 10 million	$ 50,000
Group IV	$ 5 million or below	$ 25,000

5. By May 1, HPC will report its advisories to hospitals and Blue Cross. Its response will include a priority grading of programs in three categories with an appropriate comment in evaluation of each program. Programs in Priority I will be ranked.

RECONSIDERATION OF PRIORITY ASSIGNMENT TO PROGRAMS

Whatever priority rating (I, II, III) is given to a program proposal by the Project Advisory Committee, the Executive Director of the Health Planning Council will provide Blue Cross and the Hospital with a written explanation of the decision and the reasons for it. Request for PAC reconsideration of a proposal can be made by either party prior to the forwarding of the advisory to the Executive Committee. A screening committee composed of the Chairman of the PAC and the President and Executive Director of HPC will hear such requests and decide whether reconsideration is warranted. In no case will a proposal be reconsidered more than once.

PROGRAM DESCRIPTION

n describing each new or expanded medically oriented program meeting the criteria for HPC review, state its specific relationship to the Hospital's goals/objectives, and consequent priorities for development described in your most recent long-range plan. Indicate the specific needs which require the proposal's development at this time and the rationale as to why the particular program proposed, rather than other possible alternatives, would best meet those standards. Please follow the format suggested below in describing each program:

1. Is the program a new or expanded one?

2. If a new program, describe in terms of the following questions. If an expanded one, describe to the extent feasible both the expansion and the basic program which it would be added in terms of the following questions:

   a. What specific hospital objective stated in your long-range plan would it meet?

   b. What demonstrated community need would it meet? For instance:

      1. Which mortality or morbidity rates would the program be expected to reduce, and to what extent?

      2. How many people are expected to benefit from this program?

      3. What has been the Hospital's experience in the last two years regarding the scope of this need and the effect of its actions in response to it?

   c. What institutional service needs would it meet i.e., professional, technical, educational, clinical, or other?

   d. What would be the result of not implementing or expanding the program at this time?

3. What relationship does the program have to other programs in your Hospital, other Hospitals or health facilities, or health agencies?

   a. What other hospital is planning or providing a similar program?

4. What alternative means of meeting the objective of this program were explored Why did they prove less desirable than the alternative selected?

5. Why should this program be implemented now as opposed to some future date? Respond in terms of your Hospital's objectives and consequent priorities as developed in its long-range plan or in terms of influences outside the hospital if any are applicable.

6. What is the minimum scope of service required to make this program an effective one? What do you think would be the maximum limit?

7. What would the program's expected annualized costs be for salaries and wages (identify numbers and types of personnel needed), supplies and expense, and depreciation and interest for the first two years after its implementation?

8. What other areas of service would be likely to require development as a result of implementation of this proposal? What consequent costs might be expected?

9. To what extent of total cost is each (specified) third party expected to participa in cost reimbursement?

10. If capital investment is required for the program, what is the amount necessar and what are the expected sources of such support?

How and when does the Hospital propose to evaluate the effectiveness of this program?

PRIORITY GROUPS

RIORITY I: IMPLEMENTATION OR EXPANSION ENCOURAGED THIS FISCAL YE

Hospitals are encouraged to provide or arrange for the provision of a comprehensive range of services to their communities. Hospital programs which demonstrate characteristics of Priority Group I and which would arrange for the provision of needed services through cooperative arrangements with other facilities will be given priority preference over similar, individual hospital programs which the PAC believes could be developed on such cooperative bases.

1. Programs offering more balance or options to the basic inpatient acute care services of medical-surgical, obstetrics, and pediatrics, such as ambulatory, extended, long-term and home care, etc.

2. Programs offering new approaches or mechanisms in delivery of care which warrant consideration, especially in terms of cost-effectiveness, improved access, and continuity of care.

3. Programs offering a more effective alternative to an existing method of provision of care in a specific hospital. Such an alternative might not necessarily be new in terms of the general body of information or practice but would be one not previously implemented by the proposing hospital.

4. Programs providing a service considered necessary to assurance of an essenti level of care for the hospital's patient population, where such level cannot be feasibly provided through a relationship with another facility.

5. Programs consistent with needs, priorities, and policies described in current:

   a. Department of Health State Plan

   b. Department of Mental Health, Retardation, and Hospitals State Plan

   c. Department of Health Selected Health Indices.

   d. HPC Principles of Planning

   e. Pertinent previous HPC advisories

   f. Authorized accrediting group advisories, where such programs cannot be feasibly provided through a relationship with another facility.

6. Programs and services related to the Brown University Medical School:

   a. Required for the development of a basic network of programs and services in Hospitals, without which the medical school's development would be unduly delayed or hindered.

   b. Which may or may not reflect medical school needs but which have a strong community service component.

7. Programs proposed in response to rules and regulations promulgated by regulatory or licensing authorities.

PRIORITY II:

Programs receiving a Priority II ranking have at least conceptual value but cannot be recommended for reimbursement this fiscal year because of one or more of the reasons cited below:

1. Programs consistent with needs and priorities described in PRIORITY group I but:

a. which require more planning, supportive data, implementation of prior or related steps, etc.

b. which may be linked to less desirable programs

c. which are not consistent with ability to secure capital or operational financing

d. whose objectives may be more effectively achieved by one or more unexplored or rejected alternatives

e. which could offer a more effective service as components of cooperative programs with one or more Hospitals or related health facilities or agencies.

2. Programs for which there is currently insufficient evidence of significant institutional service population or community service impact in relation to their cost.

3. Programs which show excessive concern with quality of care at the expense of the Hospital's providing a reasonable scope of services.

PRIORITY III:

Programs receiving a Priority III ranking are those which are not considered to be in the community's interest either on their own merits, or in their relationship to other programs for the reasons cited below:

1. Programs not consistent with:

a. needs and priorities described in PRIORITY group I

b. general principles of sound long and short-range planning

c. Hospital's goals and objectives as expressed in plans submitted to Department of Health for October 10, 1974.

2. Programs which would be unnecessary duplications of existing programs, or of programs encouraged in PRIORITY group I, or of programs delayed in PRIORITY group II if these are otherwise more qualified than the program in question for eventual encouragement.

3. Programs for which there is little evidence of significant institutional service population or community service impact in relation to their cost.

4. New or expanded programs in existing services if hospital has not demonstrate a commitment to:

a. meeting needs and priorities described in PRIORITY group I

b. improving utilization of low occupancy services

5. Programs which would perpetuate or encourage fragmentation of health servic

6. Programs currently not consistent with stated policy and operational positions taken in discussion with Hospital by HPC staff, Executive Committee, or Boar